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C O N F I D E N T I A L LA PAZ 002118

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [ETRD](#) [ASEC](#) [BL](#)
SUBJECT: BOLIVIA: EVO REACTS TO ATPDEA DECISION

Classified By: EcoPol Chief Mike Hammer for reasons 1.4 b,d

¶1. (C) Summary: The initial characterization by Vice Minister of Foreign Affairs Hugo Fernandez of the government's reaction to ATPDEA suspension as "not happy" is proving to be an understatement. Foreign Minister Choquehuanca later announced to the press that the decision was "vengeance" and "an attack against Bolivian democracy." President Evo Morales reiterated past bluster over the weekend, saying that Bolivia is prepared to confront this "political measure" and asserting that "it doesn't scare me at all if they want to cut our trade preferences." OAS Secretary General Insulza warned that the decision could be "a difficult obstacle to overcome in the relations between the two American countries", while promising OAS solidarity with Bolivia and announcing that he will use his good offices to lobby against the suspension of ATPDEA benefits. Exporters and factories continue to highlight the jobs and trade income that Bolivia will lose due to this decision. End Summary.

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Government: Lookin' for Trade in All the Wrong Places
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¶2. (C) Although Vice Minister for Foreign Economic Relations Pablo Guzman admitted that the decision is a "hard blow" for exports to the United States and that U.S. markets "will not be easy to replace with other markets," he asserted that government officials "are optimists and will work even harder to look even quicker for other options for our exports." In an official communique, the Foreign Ministry declared that "President Bush should reconsider his request to suspend ATPDEA for Bolivia, because the country has results equal or better than the other Andean countries (in counter-narcotics efforts.) Despite this unjust decision, Bolivia firmly maintains its efforts against narcotrafficking."

¶3. (C) At a rally in Cochabamba on September 27, President Morales told his followers "We already have guaranteed (a market) for textiles and other products." He assured his listeners that "many more markets will open". Morales also sought to energize his listeners, saying, "They believe that

they will threaten us, that they can scare us, suspending ATPDEA. We will never kneel." Morales assured his listeners that Bolivian President Lula da Silva promised that Brazil will absorb Bolivia's exports that would have gone to the United States under ATPDEA. Morales informed the crowd that, after becoming president, Lula asked how he could help Morales: "I responded to him that we need markets." Morales added that he had instructed his economic team and the Foreign Ministry to begin opening markets "to China, Iran and India, all that is lacking is to produce more and begin the negotiations."

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Selling Ice to Eskimos...or Alpaca to New Delhi
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¶4. (C) President of the Bolivian Institute of Foreign Trade (IBCE) Ernesto Antelo Lopez publicly derided governmental assertions that other markets can replace the U.S. markets lost with ATPDEA suspension. "Those who say that we will export textiles to China, India and Vietnam ignore the fact that China is the principal producer of the world, the number one exporter of manufactured goods and textiles, while Vietnam exports 10,000 million dollars of manufactured goods to the United States..." Lopez sarcastically likened the government's planned trade missions to Vietnam and China to "trying to export ice to the Eskimos."

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Peru and OAS Offer Support
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¶5. (C) Peruvian Foreign Minister Jose Garcia Belaunde was quoted in Bolivian press saying, "I hope to know the Bolivian position regarding (the ATPDEA suspension), we will join them in solidarity." OAS's Insulza criticized the USG decision to suspend ATPDEA benefits for Bolivia, saying, "this decision will severely damage many small Bolivian industries that live by exporting their products to the United States, and could leave more than 50,000 Bolivian workers and their families without work." Insulza promised to make contact with the U.S. executive and legislative branches to solicit a review of the decision: "We hope to exercise our good offices to reverse this decision."

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Comment
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¶6. (C) While his ministers and foreign supporters such as the OAS are hoping to reverse the suspension of ATPDEA, Morales is steadfast in his dismissal of the importance of trade preferences and his antagonism toward the USG. In his September 27 speech to his followers in Cochabamba, Morales applauded a group of government-affiliated farmers in Chuquisaca for deciding to expel USAID from the department: "I salute those campesinos of Chuquisaca who have decided to expel USAID: now it will be a territory free of USAID, free of imperialism" (Note: Chuquisaca Prefect Savina Cuellar has stated her interest in continued cooperation with USAID. End note.) With domestic issues proving stubborn, Morales will likely continue to use the USG as a target for his inflammatory rhetoric. Concrete actions beyond rhetoric have not yet materialized but could still include the official expulsion of USAID, DEA or NAS from specific regions or from the country as a whole. Evo could also encourage his followers to protest at the Embassy: with government-aligned groups preparing to besiege the congress on October 13, there will be plenty of paid protesters available in the city of La Paz should Evo choose to steer them our way. End comment.
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